

25 April 1963

MEMORANDUM OF CONVERSATION

SUBJECT: Unprecedented Rise in Price of Sugar

1. On 24 April I called [ ] a close friend of mine who is a member of the Board of Directors [ ]

[ ] I told him that the price of sugar had gone up about four cents per pound in the past year and we wondered if he could give us his reason as to why. I asked him if he felt there was any manipulation going on either by sugar interests, or Russians, or others.

2. [ ] told me that the world production is estimated at 57,000,000 tons, and consumption at 61,000,000 tons, and that this balance differential had not existed since 1920. The beet crop in Europe for this coming year is about 3.8 million tons less than a year ago, and that last year was not very good anyway. The rise of the economies in Europe and the lifting of the tariff barriers and rationing on sugar in Europe has created a world shortage. In the United States we consume about 100 pounds of sugar per person per year and whereas we used to buy 80 pounds of it, we are now only buying 20 or 30 pounds. He stated that he understood the Department of Agriculture was about to lift all crop controls on sugar for the next two years in order to encourage the beet sugar industry to produce more sugar. [ ]

going to build [ ] for processing sugar

[ ] This should result in about 2,000,000 bags of sugar additional per year. He referred me to a Mr. Larry Myers who is the sugar expert in the Department of Agriculture. [ ] stated that the refiners keep having to pay more and more for sugar. The eastern refiners are paying about \$1.00 more than Chicago. He felt that there was absolutely no manipulation of any kind, and stated that in fact the beet sugar industry is being semi-protected under a quota system.

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He felt that this shortage could last for at least the next five years. Puerto Rico cannot meet its quota and neither can Hawaii, and the whole production picture is not good. He stated that Cuba had been producing around 6,000,000 tons a year and he understands that they won't reach 3.8 million this year. He stated that Cuba normally supplied all the excess world demand and she is now 40% down in production and Russia gets most of that sugar. The main thing he stated was that consumption had gone up and production had gone down. He said that Mr. Myers, who had just returned from a conference on the International Sugar Agreement in London, should be the most knowledgeable man to contact.

3. The foregoing is provided for whatever use the analysts choose to make of it.

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Lieutenant General, USA  
Deputy Director

MSC:blp

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